

EITHER YOU MANAGE YOUR CULTURE, OR...

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Countrywide Financial—the nation’s largest mortgage lender, now a wholly owned subsidiary of Bank of America—began writing riskier and riskier loans in 2005, a practice it continued through 2007. Sadly, driven by an apparent unrestrained ambition to build the company’s market share, Countrywide became a culture out of control. Seemingly overnight, a company that appeared to be an underwriter of prime quality mortgages changed into a company that was taking reckless risks in order to fuel growth and expansion. “Flying blind,” “toxic,” and “poison,” became just a few of the tags used to describe Countrywide’s new lending practices and changed culture. As a result, three of Countrywide’s former executives—CEO Angelo Mozilo, COO David Sambol, and CFO Eric Sieracki—were recently charged with securities fraud for misleading investors about the company’s credit risks. It’s the now all too familiar story of a culture that changed quickly, straying from its core competence and legitimizing a shift in behaviors and thinking throughout the organization that moved the company in a direction that ultimately sabotaged results. What does the Countrywide case prove? Either you manage your culture or it will manage you.

In our work with organizations all over the world, we meet

many managers who have learned this lesson the hard way—through the experience of disappointing results. Daily, we speak to leadership teams that are wrestling with the impact their culture is having on the results of their organization; and the stories from people at every level, of the organization describing how the company’s culture has gotten in the way of getting results are endless. Organizations seek stronger customer focus, but can’t establish it. They desire more diversity, but can’t develop it. They insist on better regulatory compliance, but can’t deliver it. They pursue growth, quality, or productivity, but can’t achieve it. Understanding that culture produces results, and then results produce culture is a basic cause and effect connection that every management team needs to make in order to keep the culture, and the results they want, on track. This connection between a company’s culture and a company’s results is well documented with numerous case studies from some of the most successful companies in the world in our book, *Journey To The Emerald City: Achieve a Competitive Edge By Creating A Culture Of Accountability*.

Broadly speaking, the most effective culture an organization can develop is what we call a Culture of Accountability.™ In such a culture, everyone assumes per-

sonal accountability for achieving the organization’s targeted results by connecting the dots between their daily work and what the organization wants to achieve. Accountability, in its truest sense, does not mean what it too often means in business: Who fouled up? Who’s to blame? Who should be punished? Instead, it means that every individual assumes personal accountability to think and act in ways that will achieve the company’s desired results. The key is that they assume accountability, rather than have it placed or forced upon them. They are not commanded to be accountable, nor are they kept under surveillance and then “called to account” for their actions. Everyone continually asks: “What else can I do to drive results?” This question becomes a mantra for those working in a Culture of Accountability and proves to be an effective cure for Blamestorming or Victim-speak. But it doesn’t happen miraculously or without a lot of hard work. Company leaders can create a Culture of Accountability by using a simple model of how culture works and how it can be changed—we call this model The Results Pyramid.

Results sit at the top of The Results Pyramid. The other three elements—actions, beliefs, and experiences—are foundational layers upon which results are based. For a company to achieve targeted results,

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its culture—what people think and do—must become aligned with those results. When an organization is out of alignment—the actions, beliefs, and experiences of its people are out of sync or conflicting with targeted results—it can never fully achieve the results it seeks. Conversely, when a company is in alignment—people’s actions, beliefs, and experiences are in harmony and consistent with targeted results—it will almost always achieve the results it seeks. Moreover, this alignment of actions, beliefs, and experiences must apply from person to person and across all organizational functions if the company is to consistently achieve its targeted results. The more powerfully aligned a culture, the more intense its focus on results. And the more intense the focus on targeted results, the more prepared and bound for achieving them.

After creating a culture aligned with results, leaders must work hard to keep it aligned by saying and doing things—i.e., create experiences to generate or reinforce beliefs that motivate actions—that continue to produce the desired results. Additionally, they must avoid saying and doing things that may push or twist the culture out of alignment as in the case of Countrywide Financial. Once Countrywide’s leaders took their culture in the wrong direction; it began taking them in the wrong direction. Culture is always at work—sending its signals of how people in the organization should think and act. Paying attention to those signals and making sure they are the right ones—i.e., signals that focus people on doing

the things that produce the desired results—should be a fundamental and routine part of the management process.

In our latest book, *How Did That Happen?* due out August 11th, 2009 we show readers how to create an organizational culture where accountability for results is front and center, receiving management’s full attention in a positive and principled way. *How Did That Happen?* is available at Amazon.com or wherever fine books are sold.

Roger Connors and Tom Smith are the authors of the bestselling books, The Oz Principle and Journey to the Emerald City, and Co-Presidents of Partners In Leadership, Inc., the worldwide leader in Accountability Training. ©2009 Partners In Leadership. Above The Line®, Below The Line®, How Did That Happen?®, The Oz Principle® are all Trademarks of Partners In Leadership.